

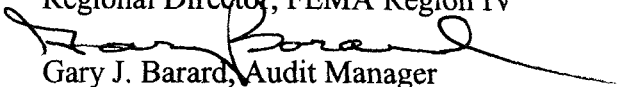
DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Atlanta Field Office - Audit Division
3003 Chamblee Tucker Rd
Atlanta, GA 30341

April 09, 2003

MEMORANDUM

TO: Kenneth O. Burris, Jr.
Regional Director, FEMA Region IV

FROM: 
Gary J. Barard, Audit Manager

SUBJECT: North Carolina State University
Raleigh, North Carolina
FEMA Disaster 1134-DR-NC
Audit Report No. DA-04-03

The Office of Inspector General (OIG) audited public assistance funds awarded to North Carolina State University. The objective of the audit was to determine whether the University accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The University received an award of \$5.3 million from the North Carolina Division of Emergency Management, a FEMA grantee, for debris removal, emergency protective measures, and repair of buildings and other facilities damaged as a result of Hurricane Fran in September 1996. The award provided 90 percent FEMA funding for 7 large projects and 73 small projects.¹ Audit work was limited to the \$4,861,034 awarded and claimed under the 7 large projects (see Exhibit).

The audit covered the period September 1996 to September 2002. During this period, the University received \$4,374,931 of FEMA funds under the 7 large projects.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of the University's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

¹ According to FEMA regulations, a large project costs \$44,800 or more and a small project costs less than \$44,800.

RESULTS OF AUDIT

Except for questioned costs of \$5,572 (FEMA share \$4,179), the University properly accounted for and used FEMA funds. The University's claim of \$157,052 under debris removal Project 96013 included non-disaster related charges of \$5,572. This occurred because the FEMA inspector inadvertently failed to reduce the University's claim for costs of non-disaster debris that was identified during final inspection of the project. To be eligible for FEMA financial assistance, an item of work must be required as a result of the disaster (44 CFR 206.223). Accordingly, the OIG questions the \$5,572.

RECOMMENDATION

We recommend that the Regional Director, in coordination with the grantee, disallow the \$5,572 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

We discussed the results of our audit with University, grantee, and FEMA officials on March 19, 2003. University officials concurred with our finding.

Pursuant to FEMA instruction 1270.1, please advise the Atlanta Field Office – Audit Division by June 09, 2003, of the actions taken to implement the OIG recommendation. Should you have any questions concerning this report, please contact me or David Kimble at (770) 220-5242.

North Carolina State University
FEMA Disaster 1134-DR-NC
Schedule of Claimed and Questioned Costs
Large Projects

<u>Project</u> <u>Number</u>	<u>Amount</u> <u>Awarded</u>	<u>Amount</u> <u>Claimed</u>	<u>Amount</u> <u>Questioned</u>
02629	87,568	87,568	0
25107	444,159	444,159	0
25108	694,006	694,006	0
26318	73,669	73,669	0
26495	244,426	244,426	0
26503	3,160,154	3,160, 154	0
96013	<u>157,052</u>	<u>157,052</u>	<u>\$5,572</u>
Total	<u>\$4,861,034</u>	<u>\$4,861,034</u>	<u>\$5,572</u>